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5 Attorneys for Defendant
6 Global Marketing & Development, Inc.

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10 UNITED STATES DISTRICT COURT
11 SOUTHERN DISTRICT OF CALIFORNIA

12
13 ACE BUSINESS SOLUTIONS, LLC, a
14 Nevada limited liability company,

15 Plaintiff,

16 v.

17 GLOBAL MARKETING &
18 DEVELOPMENT, INC., a Nevada
corporation; AWESOME
19 ENTERPRISES, LLC, a Maryland
limited liability company; and DOES 1
20 through 50, inclusive,

21 Defendants.
22

CASE NO. 3:15-CV-01464-MMA-NLS

DEFENDANT GLOBAL MARKETING &
DEVELOPMENT, INC.'S ANSWER

23
24 Defendant Global Marketing & Development, Inc. ("GMD" or "Defendant")
25 submits its Answer to Plaintiff's Complaint. Defendant answers below the allegations in Plaintiff's
26 Complaint in paragraphs that correspond to the numbered paragraphs in Plaintiff's Complaint.
27
28

1. Defendant admits Plaintiffs seeks relief pursuant to 28 U.S.C. Section 1335 et seq. Defendant denies the remaining allegations of Paragraph 1 of the Complaint.
2. Defendant denies that venue is appropriate as Plaintiff and GMD both executed a writing requiring arbitration.
3. Defendant does not have sufficient information as to the facts alleged in Paragraph 3.
4. Defendant admits the allegations in Paragraph 4.
5. Defendant does not have sufficient information as to the facts alleged in Paragraph 5.
6. Defendant GMD admits it will assert a claim to any allegedly disputed funds. Defendant denies the remaining facts.
7. Defendant does not have sufficient information as to the facts alleged in Paragraph 7.
8. Defendant does not have sufficient information as to the facts alleged in Paragraph 8.
9. Defendant does not have sufficient information as to the facts alleged in Paragraph 9.
10. Defendant admits it provides services in the debt consolidation industry. Defendant admits it acquired certain rights and accounts from 5STAR, Inc. Defendant does not have sufficient information to deny or admit the remaining allegations.
11. Because ACE has taken control of its database, Defendant does not have sufficient information to determine the number of accounts at issue and denies the allegations in Paragraph 11.
12. Because ACE has taken control of its database, Defendant does not have sufficient information to determine the amount at issue at issue and denies the allegations in Paragraph 12.
13. Defendant does not have sufficient information as to the facts alleged in Paragraph 13.
14. Denied denies the allegations in Paragraph 14.
15. GMD admits it is entitled to the Net Distribution. GMD further asserts no other party would be able to lay claim to this amount.
16. Defendant admits such correspondence was sent.

17. Defendants admits there is an alleged legal controversy over the amount at issue.

Defendant notes that no Court order permitted ACE from breaching its contract with GMD and converting its electronic assets and monies.

18. GMD admits it is entitled to the Net Distribution. GMD further asserts no other party would be able to lay claim to this amount.

19. Defendant denies that ACE is in doubt as to the appropriate party to receives funds. Defendant denies the allegations in Paragraph 19.

20. Defendant admits it has been named as a party in at least two other suits. Defendant denies the remaining allegations.

Defendant denies that Plaintiff is entitled to any relief and deny Paragraphs 1-6 in the WHEREFORE section of Plaintiff's Complaint.

General Denial

Defendant denies each and every allegation in Plaintiff's Complaint that has not otherwise been specifically admitted or denied.

Affirmative Defenses

1. Plaintiff's Complaint fails to state a claim upon which relief can be granted.
2. Plaintiff's claims are barred by the doctrines of estoppel, offset, and/or setoff.
3. Plaintiff's claims are barred in whole or in part by the principles of accord and satisfaction and payment.
4. Plaintiff's claims are barred, or recovery reduced, by Plaintiff's failure to mitigate damages, if any.
5. Plaintiff's request for Interpleader is barred because Plaintiff is not a mere conduit of disputed funds but instead is a competing third party with a pecuniary interest by unlawful withholding of Defendant's monies and client data.

1 Defendant reserve its right to assert additional affirmative defenses as Plaintiff's claims are
2 clarified in the course of litigation.

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4 DATED: November 23, 2015

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6 Respectfully submitted,

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9 Gaurav Bobby Kalra (SBN 219483)

10 Attorney for Defendant GMD
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5 Attorney for Cross-Complainant and Defendant
6 Global Marketing & Development, Inc.

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10 UNITED STATES DISTRICT COURT
11 SOUTHERN DISTRICT OF CALIFORNIA

12 ACE BUSINESS SOLUTIONS, LLC, a
13 Nevada limited liability company,

14 Plaintiff,
15 v.

16 GLOBAL MARKETING &
DEVELOPMENT, INC., a Nevada
17 corporation; AWESOME
ENTERPRISES, LLC, a Maryland
18 limited liability company; and DOES 1
through 50, inclusive,

19 Defendants.
20

21 GLOBAL MARKETING &
DEVELOPMENT, INC., a Nevada
22 corporation,

23 Cross-Complainant,
v.

24 ACE BUSINESS SOLUTIONS, LLC, a
25 Nevada limited liability company, SANDY
BARNES, an individual and Nevada
26 resident,
27 Cross-Defendants

CASE NO. 3:15-CV-01464-MMA-NLS

CROSS COMPLAINT OF GLOBAL
MARKETING & DEVELOPMENT, INC.

1 Cross-Complainant Global Marketing and Development, Inc., alleges the following against
2 defendants Ace Business Solutions, LLC (“Ace”), and Sandy Barnes (collectively, “Defendants”),
3 and Does 1 – 10:

4 Jurisdiction and Venue

5 1. This Court has jurisdiction over all causes of action asserted in this Cross-Complaint
6 pursuant to California Constitution, Article VI, Section 10 and California Code of Civil Procedure
7 Section 410.10, by virtue of the fact that this is a civil action wherein the matter in controversy,
8 exclusive of interest, exceeds \$75,000, and because this case is a cause not given by statute to other
9 trial courts. The jurisdiction is also founded upon diversity jurisdiction because the parties are of
10 different states.

11 2. Venue is proper in this Court pursuant to Code of Civil Procedure Sections 395 and
12 395.5, because Cross-Defendants transact business within this Federal District. In addition, Cross-
13 Defendant Ace affirmatively filed an Interpleader action in this District and the same factual
14 disputes and legal issues would need to be resolved in both the Interpleader action and this Cross-
15 Complaint.

16 The Parties

17 3. Cross-Complainant Global Marketing Development, Inc. (“GMD”), is a Nevada
18 corporation that is qualified to do business in California and conducts business in Placer County at
19 3240 Professional Drive, Auburn, California 95602. Cross-Complainant GMD is in the business of
20 providing a package of services to consumers that includes document preparation for debt
21 validation requests. Essentially, customers have outstanding consumer debt. Cross-Complainant
22 GMD assists these customers with a debt validation process that in many cases eliminates or
23 reduces the debt. Cross-Complainant GMD also assists with credit repair and ongoing debt
24 validation services. Cross-Complainant GMD generally contracts with sales affiliates and these
25 third-party entities and call centers solicit customers on behalf of GMD.

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27 ///

1 4. Cross-Defendant Barnes operates a call center in Nevada. Barnes operates through
2 a variety of entities and one of those entities is called Ace. The company Ace is merely the ACH
3 vendor identified by GMD. GMD and ACE entered into a written services agreement which is
4 attached as Exhibit A, the “ACE Services Agreement”. The ACE Services Agreement was signed
5 by both GMD and ACE and designated arbitration in the State of Nevada. In the ACE Services
6 Agreement the client data and funds brought in to the business are the property of GMD and ACE
7 and Defendant Barnes had no right to direct or divert information or funds without the explicit
8 approval of GMD. ACE engaged in conspiracy with certain third parties in an effort to
9 compromise GMD’s business. Defendant Barnes acted in her personal capacity to take control of
10 GMD’s client data and GMD’s monies. Defendant Barnes attempted to move both the data and the
11 value of the client base to third parties that apparently promised her a greater pecuniary benefit to
12 engage in outside customer support services.

13 **FACTS COMMON TO ALL CAUSES OF ACTION**

14 **GENERAL BACKGROUND**

15 5. GMD obtained the assets of Five Star Management Services, Inc. (“Five Star”).
16 Five Star used an outside vendor, Cross-Defendant Ace, for outside client support services. Cross-
17 Complainant GMD memorialized an asset purchase agreement effective March 2015 and
18 memorialized a comprehensive written agreement in May 2015.

19 6. A one million dollar reserve was transferred from Five Star to GMD on March 11,
20 2015. The reserve was for servicing of existing clients and reflected, essentially, monies held in
21 trust by Five Star to settle debts on behalf of existing clients that paid those monies to date. There
22 was also a portion of that reserve dedicated to operating costs. Customer payments were sent to
23 GMD subsequent to March 10, 2015 pursuant to the agreement between the parties. On April 1,
24 2015 GMD assumed all operations for the business including the hiring of all former staff of Five
25 Star.

26 ///

27 ///

1 drastic loss of both clients and sales affiliates. GMD is in danger of not being able to function and
2 the subsequent harm to itself and the consumers it assists would be grievous.

3 13. As a proximate result of Cross-Defendant's breach, Cross-Complainant has
4 suffered, and will continue to suffer, general and special damages in an amount to be proven at
5 trial. Cross-Complainant seeks compensation for all damages and losses proximately caused by
6 these breaches.

7 **SECOND CAUSE OF ACTION**
8 **(Breach of Contract)**
9 **(Against Defendant Ace)**

10 14. Cross-Complainant re-alleges and incorporate by reference as though fully set forth
11 herein each and every allegation contained in paragraphs 1 to 13.

12 15. The ACE Services Agreement reflects that ACE acted as the call center for Five
13 Star before its asset sale to GMD. The ACE Services Agreement reflects at section 1.1 that ACE
14 will not directly receive monies from GMD clients. Pursuant to the ACE Services Agreement,
15 ACE is required to take instruction from GMD. ACE is also required to produce monthly reports
16 on the 15th of each month (Section 1.5). Pursuant to Section 1.10, ACE memorializes that GMD is
17 the owner of all client files.

18 16. GMD determined that documents used by its predecessor are potentially non-
19 compliant with applicable consumer laws and the requirement that non-lawyers refrain from the
20 practice of law. GMD assisted with clearing its predecessor of accusations by a Maryland County
21 prosecutor that it was engaged in the unlicensed practice of law. ACE has refused to use the
22 compliant documents prepared by GMD thus putting both consumers and GMD subject to
23 additional potential liability.

24 17. Since March 10, 2015, ACE has made payments to GMD as an outside service
25 provider. On June 17, 2015, ACE withheld payments to GMD without a Court order. Unpaid fees
26 to date from ACE to GMD are approximately \$545,000.00.

27 18. ACE has justified the above conduct on the basis of receiving correspondence from
28 counsel from those affiliates with Five Star. A copy of at least one letter is attached as Exhibit B.

1 19. GMD has begun to experience irreparable harm by the above-referenced conduct
2 including:

- 3 A. GMD has been prevented from opening up a call center in the State of Texas.
4 GMD's ability to fully service its clients related to consumer needs is
5 compromised by ACE's non-judicial retention of funds.
6 B. GMD has been forced to lay off employees as a result of ACE's unauthorized
7 withholding of funds.
8 C. GMD has been prevented from acquiring new affiliates and retaining existing
9 affiliates. Numerous affiliates have complained of servicing issues by ACE.
10 D. GMD has been unable to place additional monies into trust for consumers and
11 to pay for legal fees on behalf of those consumers.
12 E. GMD has been unable to place a legal network in place for its consumers.
13 F. GMD consumers are receiving advice from ACE when any advice should be
14 from attorneys related to certain disposition and settlement of debt. Without
15 injunctive relief, the unauthorized practice of law by ACE and its current
16 network, targeting GMD clients, will be facilitated.

17 20. As a proximate result of Cross-Defendant's breach, Cross-Complainant has
18 suffered, and will continue to suffer, general and special damages in an amount to be proven at
19 trial. Cross-Complainant seeks compensation for all damages and losses proximately caused by
20 these breaches.
21

22 WHEREFORE, Cross-Complainant prays for judgment against Cross-Defendants, and each
23 of them, as follows:
24

25 1. Injunctive relief temporarily, preliminarily, and permanently enjoining Cross-
26 Defendants, as well as their agents and all persons that act in concert with them, from directly or
27 indirectly:
28

- 29 A. Obtaining, accessing, or disclosing to anyone (other than their counsel) any
30 of Cross-Complainant's data, documents and property taken from or
31 belonging to Cross-Complainant that are in any way in Cross-Defendants'
32 possession, custody or control;
33 B. Accessing, receiving, copying, or disseminating any copies of Cross-
34 Complainant's documents or property taken from or belonging to Cross-
35 Complainant; and

1 C. Engaging in any activities related to the planning, design, or development of
2 debt mitigation companies or services that in any way involve or use the
3 disclosure of Cross-Complainant's confidential or proprietary data.

4 2. Temporary, preliminary and permanent injunctive relief requiring the immediate
5 return of Cross-Complainant's stolen data, in forensically sound fashion, preserving all metadata;

6 3. Compensatory damages, past and future, in an amount to compensate Cross-
7 Complainant;

8 4. General damages;

9 5. An accounting to establish, and an order requiring restitution and/or disgorgement
10 of, the sums by which Cross-Defendants have been unjustly enriched;

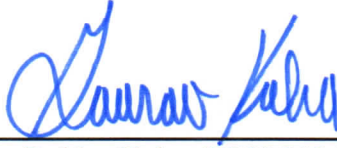
11 6. Attorneys' fees and costs incurred by virtue of this action;

12 7. For pre-judgment and post-judgment interest in accordance to any applicable
13 provision of law according to proof;

14 8. For disgorgement of all profits earned by Cross-Defendants to Cross-Complainant;

15 9. For such other and further relief as the court may deem just and proper.

16
17 Dated: November 23, 2015

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20 By: 
21 Gaurav Bobby Kalra (SBN 219483)
22 Attorney for Defendant and Cross-Complainant GMD
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